



Department of Justice

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CANADIAN VITAMIN COMPANY AGREES TO PLEAD GUILTY FOR ROLE IN INTERNATIONAL VITAMIN CARTEL

WASHINGTON, D.C. -- Chinook Group Limited, a Canadian vitamin company, today agreed to plead guilty and pay a \$5 million criminal fine for participating in an international conspiracy to raise and fix prices, and allocate market shares for choline chloride (vitamin B4) sold in the United States and elsewhere, said the Department of Justice.

Today's case is the 14th prosecution resulting from the Department's ongoing investigation of the worldwide vitamin industry. Thus far, the Department has obtained more than \$875 million in criminal fines as a result of an ongoing antitrust investigation in the vitamin industry. Chinook is the first corporation to be charged with participating in the choline chloride conspiracy.

"The Antitrust Division has prosecuted vitamin firms located in Germany, Japan, Switzerland, and now Canada," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "Today's case demonstrates the Division's continuing resolve to thwart illegal activities that harm American businesses and consumers, regardless of the location of the culprit."

The one-count criminal case, filed today in U. S. District Court in Dallas, charges Chinook with conspiring with unnamed co-conspirators to suppress and eliminate competition in the choline chloride market in the U.S. and elsewhere from January 1988 through September 29,

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1998. The conduct engaged in by Chinook included:

- agreeing to set choline chloride prices;
- agreeing to allocate choline chloride customers;
- agreeing to divide the world markets for choline chloride;
- participating in meetings and conversations to monitor and enforce adherence to the fixed prices and market shares; and
- rigging bids for contracts to supply choline chloride.

In March of this year, two Chinook sales executives and three executives from another chlorine chloride producer were charged with and agreed to plead guilty to price-fixing, volume allocation, and bid-rigging conduct in the Vitamin B4 market. Under the terms of the separate plea agreements with the government, both Chinook and the executives have agreed to cooperate with the Department's ongoing investigation of the international vitamin industry.

Choline chloride is sold by manufactures and resellers to customers in the animal nutrition industry. Choline chloride is an ingredient necessary for the proper growth and development of animals.

"Today's prosecution of a Canadian company expresses our determination to seek out and punish all aspects of the vitamins conspiracy, both national and international," said Gary R. Spratling, the Antitrust Division's Deputy Assistant Attorney General for criminal enforcement. "At clandestine meetings Chinook and its co-conspirators reached agreements resulting in noncompetitive Vitamin B4 prices in the U.S. and other countries."

Chinook is charged with violating Section One of the Sherman Act, which carries a maximum fine of \$10 million for corporations. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

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This case is the result of an investigation of the international vitamins industry being conducted by the Antitrust Division's Dallas Field Office and the Federal Bureau of Investigation in Dallas. Including today's case, the investigation already has resulted in charges against seven corporations and seven individuals for participating in a worldwide conspiracy to raise and fix prices and allocate market shares for various vitamins sold in the U.S. and elsewhere. Charges have been brought against F. Hoffman LaRoche-La Roche Ltd. of Basel, Switzerland; BASF Aktiengesellschaft of Ludwigshafen, Germany; Takeda Chemical Industries Ltd. of Osaka, Japan; Eisai Co Ltd. of Tokyo, Japan; Daiichi Pharmaceutical Co. Ltd. also of Tokyo; and Lonza AG of Basel, Switzerland. The companies have been sentenced to pay, or have agreed to pay, the following fines: Hoffman-LaRoche, \$500 million; BASF, \$225 million; Takeda, \$72 million; Eisai, \$40 million; Daiichi, \$25 million; and Lonza, \$10.5 million.

At sentencing, the court will determine the appropriate sentence to be imposed under the U.S. Sentencing Guidelines and whether to accept the plea agreement. The dollars received from this fine will be deposited into the Crime Victims Fund, which is used to provide financial compensation and direct services to victims of crime, and training and technical assistance for victim advocates, criminal justice and allied professionals across the country. The fund is supported by fines paid by federal criminal offenders, not taxpayers, and is administered by the Office for Victims of Crime (OVC).

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